



**Director of  
Central  
Intelligence**

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# National Intelligence Daily

**Tuesday  
11 August 1987**

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**PERSIAN GULF:****Tensions Increasing**

Tensions in the Persian Gulf region increased <sup>on 10 Aug</sup> yesterday after a Panamanian-flag tanker ~~Texas Caribbean~~ was moderately damaged when it struck a mine in the Gulf of Oman. It had taken on a full load of crude oil at Iran's Larak Island terminal and was coming in to anchor at Al Fujayrah on the eastern coast of the United Arab Emirates.

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**Comment:** ~~Although evidence is sketchy~~ Iran may have tried to lay mines near the Khawr Fakkan anchorage used by the reflagged Kuwaiti tankers, only to have one break free and drift south toward Al Fujayrah. ~~In any event~~ the incident almost certainly will spark new fears that the tanker war is expanding beyond the Persian Gulf.

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**Air Attack on Iranian Refinery**

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Iraq claims its warplanes bombed the Tabriz refinery and other oil facilities inside Iran. Baghdad says it mounted the attacks—the first in 25 days—because Tehran has not accepted the UN Security Council's cease-fire resolution.

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**Comment:** Baghdad probably is trying to avoid a resumption of the tanker war while continuing to press Iran to accept the cease-fire resolution. Tehran, however, is more likely to use the attacks on economic installations as a pretext for retaliating against Persian Gulf interests.

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**Iranian Preparations for Underwater Sabotage**

~~the Iranian Navy is planning to use divers to~~ attack US warships in the Persian Gulf.

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~~Revolutionary Guard "suicide commandos" have received~~ training in the placement of explosive charges ~~on ship hulls.~~

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**Comment:** Limpet mine attacks probably would be carried out at night against ships in harbors or anchorages. Iran has a variety of small boats that could be used to transport divers to the sites.

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**LIBYA-CHAD:****Libyans Reinforcing Aozou Airfield**

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**Libya is reinforcing units in Chad and has put internal security units on alert, while Chadian forces continue preparations for an offensive against Libya's last stronghold at Aozou airfield.**

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Tripoli ordered several units—including two battalions of special forces—to reinforce the Aozou airfield. ~~According to the US defense attaché,~~ In fighting last weekend Libya is estimated to have suffered more than 450 dead while the Chadians lost less than 20. ~~According to the~~

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The Libyan Air Force has deployed additional fighter aircraft to Aozou airfield. Chadian press reports ~~yesterday~~ claimed that Libyan aircraft conducted airstrikes in northern Chad, including in Faya-Largeau. Chadian forces that took Aozou village have dispersed into the surrounding hills after intensive Libyan bombing and expect Libyan ground forces to counterattack.

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~~The French have decided to suspend military assistance to Chad following the attack on Aozou village and demanded that Habre not conduct other military operations in the area, according to the US Embassy in N'Djamena.~~

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**Comment:** The decision to reinforce Aozou airfield, particularly with special forces that are better equipped and trained than the regular Army, improve Libya's chances of holding the base. ~~Although shaky morale and inept leadership remain problems,~~ Libyan airstrikes will remain ineffective unless Libyan pilots attack at lower altitudes, which they have yet to do.

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Habre previously has exaggerated the urgency of the situation to garner increased levels of US support. It is unlikely that Paris would cease all military assistance to Chad, although it probably is irritated that Habre's offensive strategy could again risk a French confrontation with Libya.

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**PANAMA:****Civilian-Military Tensions**

***Recent government actions against the opposition have increased tensions between President Delvalle and the military, who differ over tactics in fending off the opposition's efforts to bring down the regime.*** [redacted]

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Delvalle is furious that he was not consulted about the raid on the Chamber of Commerce last week and believes the raid has damaged his efforts to initiate a dialogue with the opposition, [redacted]

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[redacted] Delvalle intends to call on the military to avoid involvement in political affairs at a military ceremony tomorrow marking General Noriega's assumption of command. He reportedly told cabinet ministers and directors of autonomous agencies not to support any proregime activity without his approval. A military-controlled committee involved in such activities, however, intends to ignore Delvalle's order.

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Meanwhile, the regime is maintaining pressure on the opposition and the US mission. Government-controlled newspapers have continued their anti-US diatribes, and another US journalist has been threatened with expulsion, according to US Embassy reporting. Intimidation of government opponents—through such tactics as armed attacks against opposition-owned property and political party headquarters—has increased following the opposition's successful rally last Thursday. The National Civil Crusade, however, has called for a second general strike, coupled with car caravans, to begin next Monday. [redacted]

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**Comment:** Although Delvalle still hopes to improve the dialogue with the opposition, Crusade leaders are buoyed by their success last week and are likely to stand firm. The Defense Forces' need to maintain the facade of a civilian-run government has provided Delvalle some additional leverage during the crisis, but the military appears determined to operate independently, if necessary, to intimidate the opposition. Caught offguard by the success of the opposition's general strike, the military will be anxious to curtail participation in the next strike. [redacted]

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**GREECE-US:****Conservatives Weigh Strategy on Bases**

***Prime Minister Papandreou's decision to submit the new Defense and Economic Cooperation Agreement on the US bases, once it is negotiated, to a referendum has put conservative opposition leader Mitsotakis in a bind.*** [ ]

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Mitsotakis favors giving the agreement the support of his New Democracy party in hopes he can then take credit for its passage and press for elections before they are due in 1989, [ ]

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[ ] If the agreement clearly does not provide for Greece's security or uphold the 7-to-10 ratio of aid given Greece and Turkey, however, Mitsotakis might tell his supporters to vote no in the referendum on the grounds that he could strike a better deal if he were prime minister. His third option is to have his supporters cast blank ballots, which, he thinks, would allow the referendum to pass but demonstrate opposition to Papandreou. [ ]

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**Comment:** Mitsotakis is scrambling to turn the base issue to his electoral advantage following Papandreou's call for a referendum. That call deflected attention from Papandreou's domestic problems and finessed his 1981 promise to remove the bases. Papandreou's Panhellenic Socialist Movement has lost some strength after six years in power, but the New Democracy party is internally divided and unable to come up with an appealing economic program. [ ]

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Polls show that Papandreou remains more popular than Mitsotakis, who is seeking an option that allows the referendum to pass without giving Papandreou an electoral edge. New Democracy traditionally has favored keeping the bases, and Mitsotakis has repeatedly indicated he does not want to negotiate a base agreement in the face of Communist and Socialist Movement opposition—a scenario that could arise if Papandreou fails to gain an agreement and Mitsotakis wins the next election. He will find it difficult to turn a yes vote on the referendum to his electoral advantage, however, and in any case may not be able to get his party to vote as a bloc. [ ]

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Whichever option Mitsotakis chooses, the negotiations set to begin 4 September are likely to be tough, highly politicized, and subject to leaks as he and Papandreou try to exploit the issue. Polls suggest that the domestic debate will hinge on whether the agreement provides the best guarantee possible against the perceived Turkish threat.

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**GREECE: US Military Bus Bombed**

The Greek terrorist Revolutionary Organization 17 November today claims it was the perpetrator of the bomb attack on a US military bus near Athens yesterday. At least 10 US citizens and one Greek were injured by a car bomb that exploded in front of the bus carrying them from Hellenikon Air Base to a US housing facility for transient aircrews. [REDACTED]

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**Comment:** The radical 17 November group used a remotely detonated car bomb in an attack on a military bus near Athens last April that injured 16 US citizens as part of its campaign to end the US military presence in Greece. In the letter claiming responsibility for that bombing, the group had promised further attacks. [REDACTED]

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**SAUDI ARABIA-IRAN: Saudis Gird for Confrontation**

The Hajj celebrations have officially ended, but Saudi security forces remain on alert to deal with further confrontations with Iranian pilgrims. [REDACTED] the Saudis have tightened security at military facilities, established roadblocks around major cities, and are searching vehicles for explosives. [REDACTED]

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Riyadh may also be planning to arrest those it believes were responsible for the Mecca rioting, including several prominent Iranian officials. According to the US Consulate in Jiddah, Riyadh has not yet decided whether to allow some 50,000 Iranian pilgrims to make the post-Hajj trip to the holy city of Medina. [REDACTED]

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**Comment:** Riyadh is concerned that the Iranian pilgrims still in the country—perhaps some 140,000—will try to cause further disruptions. It evidently hopes that a firm stance and tighter security will deter them. A Saudi decision to arrest prominent Iranian pilgrims would signal Riyadh's resolve to Tehran, but it would also sharply increase the chances of strong Iranian retaliation. [REDACTED]

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**SOUTH AFRICA: Miners' Strike Growing***on 10 August*

South African mineworkers are heeding a union strike call in large numbers, reflecting the improving organizational prowess of South African labor unions. The National Union of Mineworkers, the country's largest union, claims that at least 340,000 mineworkers refused to go to work yesterday, closing 44 gold and coal mines. The mineowners report that 220,000 miners, about 40 percent of the work force, heeded the strike call. Union leaders have asked workers—who usually live in hotels on mine premises—to return home, both to prevent outbreaks of violence and to improve the prospects for a lengthy strike. [ ]

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**Comment:** By either estimate, the strike is the largest in the history of South Africa's mining industry. Mineowners apparently expect that this strike, like previous mine walkouts, will end quickly, but labor organizers seem intent on demonstrating union strength by keeping the miners out for at least several days. Illegal sympathy strikes in other sectors and violence between strikers and security forces are increasingly likely the longer the strike continues. [ ]

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**PHILIPPINES: Communists Linked to Murder of Minister**

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[ ] the Communists were responsible for the assassination of Local Government Secretary Ferrer last week; [ ] the Communists are likely to avoid claiming responsibility and to postpone more such killings because of negative public reaction. The party's Central Committee reportedly authorized Ferrer's murder to warn Manila to cease promoting the civilian anti-Communist organizations that he had championed, and that the party has a hit list of other prominent Filipinos. Philippine Government investigators told US officials that the assassination appeared "too professional" to have been done by the Communists and that their suspects include disgruntled former local officials. [ ]

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**Comment:** If [ ] accurate, the Communists' decision to kill Ferrer indicates that their fear of the popular civilian self-defense groups—which already have pushed the guerrillas out of the southern city of Davao—and their desire to undermine public confidence in the security services outweighed their concern about negative publicity. [ ]

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**ISRAEL: Moving Toward Decision on Lavi Project**

Two committees of Israel's Knesset—the Finance Committee and the Foreign Affairs and Defense Committee—recommended in a nonbinding vote Sunday that the government continue to fund the controversial Lavi fighter aircraft program. The full Cabinet is scheduled to discuss, and possibly vote on, the plane's future next Sunday. Israeli media have almost unanimously condemned the committees' vote as superficial and not in the country's security and economic interests. Defense Minister Rabin greeted the vote with shock and disappointment, according to press accounts.

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**Comment:** The committees clearly intended to send a strong signal to the Cabinet that the Lavi still has considerable support. The vote will bolster the growing momentum of the pro-Lavi camp, particularly coming so soon before the Cabinet is scheduled to review the issue. Nevertheless, it has a hollow ring, because 20 members of the committees, most of whom probably oppose the program, were absent. The Cabinet discussions on Sunday will be heated, and the vote, if held, appears too close to call.

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**WESTERN EUROPE: Designing New Supersonic Aircraft**

Western Europe's Airbus Industrie is beginning to develop a new supersonic aircraft that may be available by the late 1990s. The effort centers on a design that could operate at speeds between Mach 2.2 and Mach 2.8 and carry 250 passengers 6,000 miles (9,600 kilometers), but a design for speeds of Mach 3.5 to Mach 4 is probably also being considered. The Concorde travels at approximately Mach 2 with some 100 passengers and a range of about 4,000 miles (6,400 kilometers).

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**Comment:** West European aerospace officials believe that because the market for supersonic aircraft is relatively small—estimated at about 500 aircraft—a quick move may keep US manufacturers from launching their own program. The 6,000-mile range is critical to capturing the growing number of transpacific routes. An aircraft that can fly at Mach 2.2 to Mach 2.8 would probably cost \$5-6 billion to develop and would require modest advances in aerodynamics, materials, and propulsion. A higher speed aircraft would require technological breakthroughs, primarily in propulsion and materials, and they would add appreciably to the cost of the project.

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**In Brief****Europe**

— Two members of **Polish** pacifist group Freedom and Peace given two years in jail for refusing military service . . . first lengthy sentences since amnesty last fall . . . regime sensitive to anti-**Soviet** antimilitary protests.

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**Oceania**

— **Australia's** conservative parties restoring opposition coalition after four-month rupture . . . ensures unity against Labor government when Parliament reopens . . . undercuts influence of ambitious, ultraconservative Queensland Premier Belkje-Petersen.

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**Asia**

— **China** delaying until October improvements to second pair of Y-8s for maritime patrol aircraft, using US radars, data computer, navigation system, . . . probably lacks funds, skilled technicians.

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— **China** plans to send naval officer to **French** War College next year, attendance at Western military school since 1949 . . . may pave way for comparable enrollments in US.

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**Africa**

— **Zaire** to auction US-owned, abandoned Boeing 707 to recover outstanding airport fees, according to US Embassy . . . may be sold to Cobra Airways, front company involved in **Libya's** illegal purchase of Airbus last year.

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**Americas**

— **Colombian** security forces recently killed four members of drug mafia hit team . . . headed off attack on judge investigating murder of antidrug newspaper publisher . . . much-needed success in Colombian law enforcement.

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**USSR**

— **USSR** announced draft plan to overhaul health services . . . more resources for medicines, equipment, facilities promised . . . response to high mortality rates, substantial economic losses from poor public health.

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— US Embassy officers in **USSR** observed aircraft with movable wings, twin vertical stabilizers flying near Irkutsk in May . . . may be NOVO-C, possible Fencer follow-on . . . early flights outside Ramenskoye Flight Test Center highly unusual.

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**Special Analysis****USSR:****Limits on Dobrynin's Influence**

***Soviet party secretary Anatoliy Dobrynin is being overshadowed by Aleksander Yakovlev, who has become the senior secretary overseeing foreign policy. Dobrynin had seemingly been slated to become General Secretary Gorbachev's top foreign policy adviser. His relative eclipse is probably more the result of bureaucratic maneuvering than policy conflict.***

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Yakovlev now appears to be supervising Dobrynin. ~~According to a US official who met recently with both men in Moscow,~~ Both were promoted to the party's Secretariat in March 1986, but Yakovlev last January was additionally promoted to candidate Politburo member and to full member in June; Dobrynin still lacks Politburo status. Yakovlev now oversees ideology, culture, and propaganda, as well as foreign policy. Dobrynin, as head of the Central Committee's International Department, is still in charge of day-to-day party direction of foreign policy and is a key adviser to Gorbachev on East-West relations.

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Central Committee member Valentin Falin had indicated that Dobrynin was also competing for influence with Foreign Minister Shevardnadze. Since Shevardnadze moved from being Georgian Republic leader to become Foreign Minister in July 1985, he has reportedly grown in authority and self-confidence and now appears to have come into his own.

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**Dobrynin and the International Department**

Dobrynin's problem is due in part to his shortcomings as a politician and manager.

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he himself said earlier this year that he was constantly aware of the limitations of his influence. Dobrynin indicated one basis for this was his lack of a power base in Moscow resulting from his long tenure as Ambassador to the US.

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It is not clear how the limits on Dobrynin's influence will affect the institutional fortunes of the International Department. indicated that the department's responsibilities had expanded sharply under Dobrynin and that it had become the strategic planning center for Soviet foreign policy, leaving the Foreign Ministry to focus on

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foreign policy implementation. Dobrynin has increased the department's staff, adding a new first deputy and creating a new sector on defense and arms control issues. His apparent subordination to Yakovlev does not mean the unit has lost importance but rather that Yakovlev's influence over it has increased. In practice, however, Dobrynin's decline may limit the department's effectiveness.

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### **Policy Issues**

In November 1986 [ ] described the Soviet foreign policy community as split into two factions, with Dobrynin heading one and Yakovlev the other but said that the competition was more over power than policy. Dobrynin's career ties are based in the Foreign Ministry, whereas Yakovlev's are broader, based also in academic institutes and the propaganda apparatus. [ ]

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To the extent that limits on Dobrynin's influence have policy implications, these probably relate to tactical issues in managing East-West relations. Dobrynin reportedly has a reputation in Moscow of being "pro-US" but pessimistic about prospects for negotiations with the current US administration and inclined to wait until after the next Presidential election to press hard for an arms control agreement. Yakovlev, while employing harsh rhetoric against the US, is said to favor continuing to deal with the current administration because he believes the next one will be no more flexible. [ ]

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Yakovlev's meteoric rise may be due to some extent to his success in using public diplomacy to improve the Soviet image in Western Europe, and he probably places more emphasis than Dobrynin on the objective of straining relations between the US and its Allies. Yakovlev—because of his background in propaganda—is especially aware of the potential for putting pressure on the US by influencing public opinion in the West, and in the past he has been associated with efforts to make the US appear to be the stumblingblock to an arms control accord. [ ]

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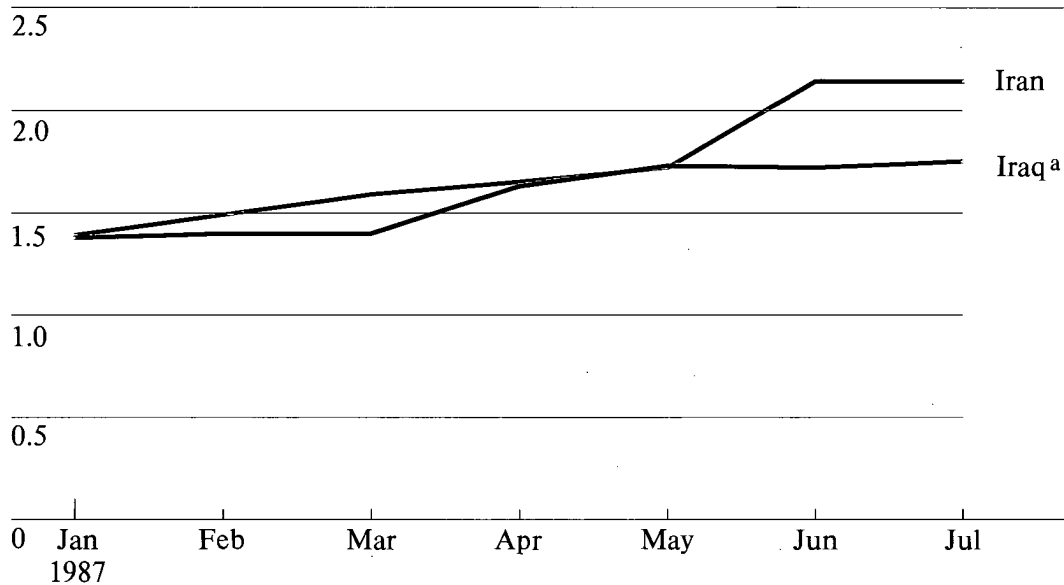
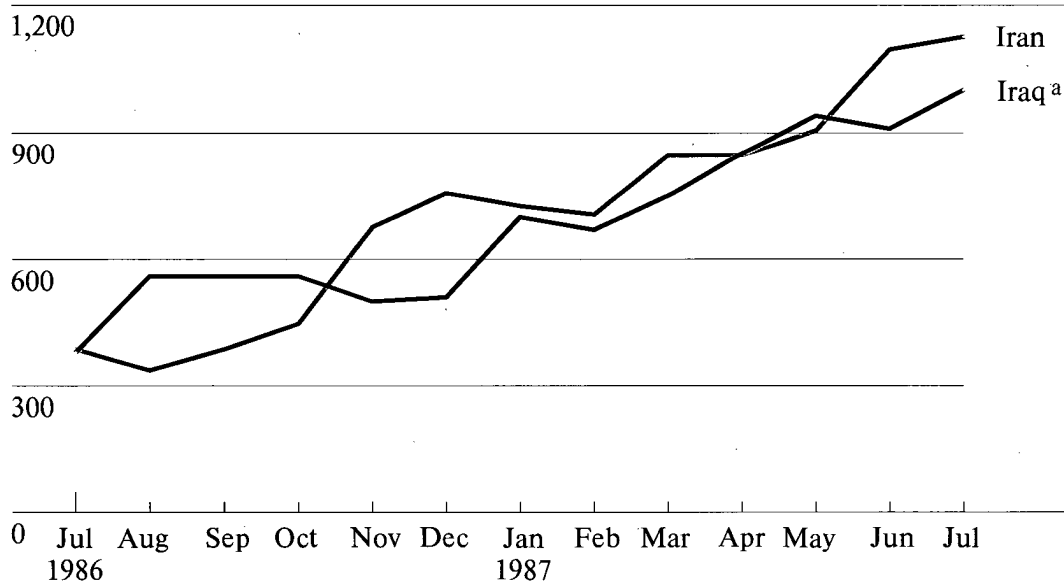
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**Iran and Iraq: Oil Exports and Revenues****Rising Exports . . .***Million b/d***Leading to Higher Revenues***Million US \$*<sup>a</sup> Estimated for July 1987.

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**Special Analysis****IRAN-IRAQ:****Increased Oil Benefits**

*Increasing oil sales and higher prices are providing a boost to the economic prospects of Iran and Iraq. Tehran is enjoying its highest oil sales since 1985, and Baghdad's completion of a 500,000-barrels-per-day oil export pipeline will expand already high Iraqi exports. Both, however, will continue to face economic difficulties, Iran more than Iraq.*

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The combination of higher exports and higher prices have also provided a much-needed boost to Iraqi oil revenues. Oil income for the first half of this year came to almost \$4.8 billion, an increase of nearly 60 percent over that in the previous six months. Oil exports rose steadily this year, and, exports last month were about 1.7 million b/d, as compared with 1.4 million in January. Higher oil exports through Saudi Arabia account for the increase.

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Iraqi exports probably will increase by 500,000 b/d during the next several months as the recently expanded pipeline through Turkey becomes fully operational. According to the US Embassy in Baghdad, Iraqi oil officials have said most of the additional oil has already been obligated to customers.

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**Economic Impact on Iran**

Rising oil revenues have helped Tehran increase imports slightly and calm popular discontent over shortages. Last fall and winter some staples, such as meat, had become so scarce they were hard to find at any price. Despite an inflation rate that may exceed 30 percent, most consumer items are now available,

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Nonetheless, other Iranian economic troubles, such as 35-percent unemployment, persist. In addition, the Iranian Central Bank recently announced plans to expand the money supply sharply, and this action will increase inflation. [ ]

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### **Economic Impact on Iraq**

Higher oil revenues probably have contributed to the recent willingness of some creditors to extend trade credits to Baghdad. [ ]

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The boost in oil revenues will do little to improve Iraq's domestic economy over the short term. Instead, austerity measures instituted by President Saddam Husayn earlier this year will have greater impact. [ ] demonstrators in two Iraqi cities last month protested the rising cost of living—especially food—and the economic sacrifices needed to sustain the war effort. Such public demonstrations are rare in Iraq because of the harsh tactics of local security forces. The Embassy reports that efforts begun early this year—to improve economic productivity and the availability of consumer goods—have so far fallen short of the high expectations of Iraq's leadership. [ ]

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### **Outlook**

Increased world oil supplies make it unlikely that Iran can sustain for long oil sales over 2 million b/d without a fall in prices or a reduction in exports by other producers. The continued lull in Gulf ship attacks also benefits Tehran. Although increased oil revenues have improved Iran's economic outlook somewhat, severe strains will continue, as will higher inflation. [ ]

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Higher revenues and additional trade credits probably will allow Iraq's economy to improve somewhat later this year. The regime may reverse some of the large cuts in nonmilitary imports made earlier, and the resulting increase in consumer items would slow rising prices that have upset Iraqis. [ ]

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Rebel Attacks on Cooperatives Since March 1987



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**Special Analysis****NICARAGUA:****Rebel Attacks on Cooperatives**

*Nicaraguan insurgents continue to attack rural cooperatives defended by local militia or Army units. Although the attacks usually achieve important military objectives, they have become increasingly controversial because civilian casualties and the destruction of economic and social facilities provide ammunition for Sandinista propaganda claims of insurgent atrocities. The negative publicity is damaging the rebels' image, but the insurgents are unlikely to abandon this tactic soon.*

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Attacks on cooperatives have increased over the past six months; the guerrillas have expanded their areas of operation and tried to hit soft targets while generally avoiding clashes with superior Sandinista forces. The recent attack on San Jose de Bocay included actions against neighboring cooperatives. About 10 percent of insurgent attacks during the past five months were against cooperatives,

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Another 10 to 20 percent targeted military garrisons not associated with cooperatives. The rest were ambushes and demolition attacks against infrastructural targets such as electrical towers.

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The rebels, mostly peasants, see the cooperatives as parts of the Sandinistas' military and economic system and as tools of repression against themselves and their families.

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~~a major goal of the regime's agrarian reform program has been to create a belt of armed farms between rebel operating areas and the populous heartland in western Nicaragua. Some cooperatives in northern and central Nicaragua are heavily defended forward bases for Sandinista counterinsurgency forces.~~

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Most ~~other~~ cooperatives are defended by local militia and occasionally serve as temporary bases and storage facilities for regular Army units.

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**Benefits for the Rebels ...**

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Attacks on cooperatives often inflict casualties on government troops and result in the capture of valuable military supplies and food.

In an attack on the large Mancotal Cooperative in May, for example, the guerrillas said they recovered rifles, ammunition, grenades, and a large quantity of medicine.

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The rebel actions also tend to undercut Sandinista efforts to portray the regime as strong and the insurgents as strategically defeated. ~~US Embassy reporting indicates~~ attempts by government officials to project an image of strength in rural areas have been set back by the fact that they are among the first to flee settlements under attack.

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Insurgent operations against cooperatives probably have had a limited, mostly local, economic impact. While reconstruction and property losses aggravate Nicaragua's severely depressed economy, the guerrillas have not attacked farms and industry on the Pacific coast, where most economic activity takes place. Despite rebel attacks, production of coffee—grown mostly in the northwest war zone—has increased slightly over the past year, according to press reports.

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### **... and Liabilities**

Targeting cooperatives has undercut the insurgents' efforts to improve their political image at home and abroad. Rebel attacks have become a regular theme in Sandinista propaganda. Rebels' tactics—which often include mortar and rocket attacks, according to press ~~and US Embassy~~ accounts—frequently cause civilian casualties and the destruction of some civilian clinics, classrooms, and homes. This collateral damage figures prominently in foreign press coverage of the war and has often overshadowed reports of the rebels' improved human rights record during the past year.

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The attacks also complicate efforts to build domestic support for the insurgency. ~~The Embassy reports that~~ an attack on a cooperative in Leon Department in May turned otherwise apolitical peasants against the rebels. Eager to leave a cooperative before government reinforcements arrive, the rebels usually do not distribute pamphlets or lecture peasants on the anti-Sandinista cause. ~~Opposition political groups in Managua are frustrated that the guerrillas have not explained their attacks on cooperatives and believe the rebels have fallen into a Sandinista propaganda trap.~~

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The insurgents nonetheless are likely to continue attacking cooperatives until they are confident enough to focus more regularly on difficult military targets. Meanwhile, they probably will try to reduce the political damage by accelerating efforts to proselytize peasants, minimize collateral damage, and attack targets more clearly associated with the military and state security apparatus.

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